

25 AUG 2004

33194626

KAMER VAN KOOPHANDEL EN FABRIEKEN
VOOR AMSTERDAM: GEDEPONEERD

DOSSIERNR.:

OMVANG: 6

BOEKJAAR: 2003

SOORT: J

E.B.

AVA: 9-3-04

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Amsterdam, 23 augustus 2004

Mijne dames en heren,

Ter deponering doen wij u hierbij toekomen het jaarverslag 2003 van Dexia Bank Nederland N.V., dossiernummer 33 19 46 26. Dit jaarverslag werd goedgekeurd door de Algemene Vergadering van Aandeelhouders gehouden op 9 maart 2004.

Wij verzoeken u vriendelijk ons een bewijs van deponering te doen toekomen.

Met vriendelijke groet,
Dexia Bank Nederland

Gegevens verwijderd door KvK

J.S.E. Brumagne
Lid Raad van Bestuur

Gegevens verwijderd door KvK

A.S.H. Sloot-Meinders
Secretaris

Bijlage: 1.

Dexia Bank Nederland

Annual Report 2003

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Five year summary

In millions of euros, unless otherwise stated

	2003	2002	2001	2000	1999
Interest	252	222	177	143	114
Commission	6	117	173	194	135
Other income	- 23	- 40	103	164	105
Total income	235	299	453	501	354
Operating expenses	89	266	274	223	189
Result before tax	132	- 406	165	273	191
Net result	87	- 265	116	187	132
Shareholders' equity	355	335	541	517	400
Total assets	5 623	7 205	7 290	6 800	5 449
Cost/income ratio (%)	37.9	88.9	60.4	44.6	53.4
Return on shareholders' equity (%)	32.6	- 64.2	21.9	40.9	36.6
Average number of employees (FTE)	368	1 115	1 327	962	788
Income per employee (in thousands €)	638	268	342	520	450
Net result per employee (in thousands €)	237	- 238	87	195	168

Please note that 2001 and 2002 include figures of Kempen & Co during the merger period and that 1999 and 2000 figures of Kempen & Co were pro forma consolidated.

Annual report

Profile Dexia Bank Nederland

Dexia Bank Nederland NV was formed at the end of 2001 through the merger of Kempen & Co NV and Labouchere NV. In 2003 Kempen & Co demerged from Dexia Bank Nederland NV. Dexia Bank Nederland NV is part of the Dexia Group, a fast-growing international financial institution with core activities in France, the Benelux and the United States.

Dexia Bank Nederland NV focuses on introducing new retail financial products to retail customers and chooses deliberately to distribute its products through a select group of financial intermediaries and the internet.

Dexia Bank Nederland NV will also continue to service the existing contracts, and to regain the trust of retail customers.

Report of the Supervisory Board

We hereby present the Annual Accounts of Dexia Bank Nederland NV for the financial year 2003, as prepared by the Management Board. The accounts have been audited by PricewaterhouseCoopers Accountants NV.

We propose that you approve the annual accounts for 2003 as presented. The Supervisory Board has no objections to the proposal for the treatment of the result as stated in the annual accounts.

In 2003, P.A.A.M. Cornet and S.L.G. Decraene stepped down as members of the Management Board. As of December 31, the Management Board consisted of: D.G.M. Bruneel (chairman), J.S.E. Brumagne, L.A.J. van Thielen and E.C. Lekkerkerker.

At the end of 2003, the Supervisory Board consisted of: P.M. van der Laan (chairman), P.E. Klönhammer, S.L.G. Decraene, M. Hoffmann and O. van Herstraeten.

We wish to extend our gratitude to the members of the Management Board who left this year for all their efforts and commitment shown in the past years.

The year under review was characterised primarily by the demerger of Kempen & Co from Dexia Bank Nederland NV and the 'Dexia Offer'.

We would like to express our appreciation for the manner in which the Management Board and staff have continued to give their best efforts under very difficult internal and external conditions in order to make a positive contribution to the result of the year under review.

Amsterdam, March 8, 2004

On behalf of the Supervisory Board

P.M. van der Laan, chairman

Report of the Management Board

KEY FACTS 2003

The focus in the early months of 2003 was very much on the demerger of Kempen & Co from Dexia Bank Nederland NV, the sale of the E-Brokerage activities to a third party and the 'Dexia Offer' to share leasing customers.

On April 11, 2003 the merchant bank activities of Kempen & Co were split-off from Dexia Bank Nederland NV with a retrospective effect to January 1, 2003 into a new company.

On March 28, 2003 the E-Brokerage activities of Dexia Bank Nederland NV were sold to a third party.

Out of a total of 196,500 customers eligible to the Dexia Offer, 108,000 customers responded. These responses bear on 212,000 or 58% of the 368,000 contracts eligible to the offer. The positive responses represent 80% of the total received (or 169,000 contracts), and the negative ones 20% (or 43,000 contracts). The global acceptance rate amounts thus to 45.9% of all the contracts concerned by the offer.

Management has focused on consistently (re)organising all processes and systems, unifying employee conditions, rationalising costs, adequately managing the existing share lease portfolio and preparing new product lines.

Dexia Bank Nederland NV introduced the products Dexia Beurslift and Dexia Rendementslift in the second half of 2003.

The relevant market in which Dexia Bank Nederland NV operates went through a crisis early in 2003 and showed some signs of recovery towards the end of the year.

Dexia Bank Nederland

2003 IN RETROSPECT

In the year 2003, the developments in Dexia Bank Nederland NV were marked by the problems surrounding share lease products. A large number of clients were disappointed with the results of the share lease products. As a result of the worsening market environment, many share lease contracts ended with a residual debt. This culminated – also due to much media coverage – in individual claims against Dexia and the filing for damages. Many people feel that, when they entered into the contract, they had not been sufficiently informed about the risks attached to the share lease contract. Other than by a number of individual clients, Dexia Bank Nederland NV was also addressed by foundations (a.o. Stichting Leaseverlies, Stichting Eegalease).

Dexia Bank Nederland NV did not avoid its social responsibilities and made an offer to its clients ('Dexia Offer') which contains more extensive end-of-term possibilities and makes it easier to pay-off the residual debt or offer a chance at recouping some of the loss suffered.

The Dexia Offer is the offer made by Dexia Bank Nederland NV to clients with share lease contracts that may end with a residual debt at the end of the term. Dexia Bank Nederland NV extended possibilities when the share lease contract ends. For clients who accepted the Dexia Offer, and thus enter into the Dexia Offer Agreement, there are extended possibilities when their share lease contracts end with a residual debt. These possibilities relate to three different options to be chosen from by the customer at the end of the contract: interest-free and spread repayment of the residual debt, renewal of the lease contract with very favourable interest rates or receiving free options on the AEX if the residual debt is paid off in full. The Dexia Offer has been made personally to all qualifying clients and supported by comprehensive documentation and information via the Internet and call centres. Clients who find themselves in dire financial straits despite the Dexia Offer may invoke a "Hardship clause". The criteria Dexia applies in this regard have been determined in consultation with an independent committee, which committee also monitors compliance with criteria set out.

Out of a total of 196,500 customers eligible to the Dexia Offer, 108,000 customers responded. These responses bear on 212,000 or 58% of the 368,000 contracts eligible to the offer. The positive responses represent 80% of the total received (or 169,000 contracts), and the negative ones 20% (or 43,000 contracts). The global acceptance rate amounts thus to 46% of all the contracts concerned by the offer.

After introduction of the Dexia Offer, Dexia Bank Nederland's policy has been to show a firm but correct attitude towards clients in order to keep them respecting the terms of their contracts.

Organisation and Personnel

Due to the creeping stock market crash and the problems with share lease products, far reaching measures were necessary in 2003. In particular, activities of Dexia Bank Nederland NV were split into a retail and an asset management/investment banking part, to focus the management on the challenges each of these business faces. The split of the business was also necessary to prevent a negative influence of the problems with share lease product on other parts of the business. Dexia Bank Nederland NV was split into a unit focusing on retail customers and products (Dexia Bank Nederland) and a unit focusing its activities on Asset Management, Securities and Corporate Finance (Kempen & Co). Kempen & Co is kept harmless from any claims resulting from the share leasing problem by a guarantee from Dexia Group. The non-core activities were sold or moved to other group companies and the remaining parts adopted a cost reducing program. The new structure of Dexia Bank Nederland is to create a strong and efficient bank that is well positioned to its new strategy.

As a result of the transfer of 518 FTE (Kempen & Co, E-Brokerage, Private Brokerage Desk and Dexia Securities Services), a reorganisational reduction of 60 FTE, mainly in the Corporate Centre and voluntary resignations of 70 FTE the staff was reduced to 275 FTE at year-end 2003. All forced lay-offs were carried out in line with the Social Plan 2001–2004. Again, under extreme circumstances like splitting the organisation and a continuing negative media attention, the personnel made a positive contribution in 'rebuilding' Dexia Bank Nederland NV. The management wishes to express their gratitude to all employees of Dexia Bank Nederland NV.

In 2003 the average absenteeism was 6.4%. After all reorganisations more employees were frequently absent due to illness. This level of absenteeism is higher than normal and higher than the average of the industry (5%). An explanation of increasing absenteeism can be found in the pressure employees have to work under. Several actions have been implied to bring the companies ratio in line with the industries average.

On August 1, Dexia Bank Nederland NV introduced new bank-wide conditions of employment, which among other things makes the remuneration of employees performance related. The basis for the new conditions of employment are the newly designed job functions. All separate jobs are now described and appraised. The newly introduced conditions of employment are in line with the market and there is room for extra reward for individual performance. The new package is also transparent, both for the employees and for the organisation. The new system consists of a fixed and variable component.

The Works Council is highly appreciated for their constructive remarks on the new conditions of employment and their realistic advice on the reorganisation plans.

Financial Developments in 2003

Results general

Total income dropped by 21%, from € 299 million in 2002 to € 235 million in 2003, whereas total expenditure decreased by 67% to € 89 million in 2003. In addition, a value adjustment to receivables was recorded for € 14 million compared to € 439 million in 2002. On balance, the operating result before taxes and value adjustments to receivables increased by € 113 million to € 146 million (increase of 340%). In 2003, Dexia Bank Nederland recorded a profit of € 87 million.

Income

<i>In millions of €</i>	2003	2002
Result from interest	252	222
Result from securities and participating interests	2	- 6
Result from commission	6	117
Result from financial transactions	8	- 6
Other income and expense	- 33	- 28
Total income	235	299

In 2002, Special Purpose Entities (SPEs) were consolidated with effect from October 1, 2002. In order to get a better understanding of the developments in interest results, one must bear in mind that the interest result for 2002 would have been € 287 million, if the SPEs would have been consolidated from the beginning of 2002. The results of the SPEs before consolidation were recorded as earn out under other income.

Other income and expense includes items, which are closely related to the operating results of the share lease products. Other income and expense also includes the profit on the sale of activities to third parties (€ 51.4 mln). An amount of € 58 million 'earn out' from SPEs was recorded as other income in 2002.

Result from commissions decreased by € 111 mln. This decrease is due to the split-off of Kempen & Co from Dexia Bank Nederland NV, the sale of Dexia Securities Services within the Dexia Group and the sale of the activities of E-Brokerage and the Private Brokerage desk to third parties.

Operating expenses

<i>In millions of €</i>	2003	2002
Personnel expense	30	158
Other administrative expense	48	86
Depreciation	11	22
Total operating expenses	89	266

Operating expenses decreased by € 177 million to € 89 million, compared to 2002.

Cost decreased due to the split-off of Kempen & Co from Dexia Bank Nederland. Further the activities of E-Brokerage were sold in March 2003. The number of employees dropped from 924 FTE at the end of 2002 to the number of 275 FTE at the end of 2003. Personnel expense were also higher in 2002 as result of the costs for reorganisations.

Dexia Bank Nederland remains focused on reducing and rationalising expenditures.

The efficiency ratio, i.e. the operating expenses as a percentage of total income, amounted to 38% in 2003, compared to 89% in 2002.

Capital and ratios

Qualifying capital

Qualifying capital at 2003 year-end amounted to € 603 million. Shareholders' equity included in this amount consisted of € 11 million share capital, € 400 million share premium reserve and € 58 million negative other reserves (including a dividend proposal of € 2.0 million). In addition, € 250 million in subordinated loans were included.

Solvency

Based on the guidelines of De Nederlandsche Bank (The Dutch Central Bank), the capital of the bank must be set off against loans on and off the balance sheet, which are weighed by the risks attached. Capital must also be maintained for the market risk attached to the trading activities of the bank. The standard for the total qualifying capital (the "BIS-ratio") amounts to 8%. For Dexia Bank Nederland, the BIS-ratio at year-end 2003 amounted to 17.0%.

Qualifying Capital and BIS

	2003	2002
BIS-ratio (in millions of euros)	17.0%	12.3%
Share capital	11	11
Share premium reserve	400	400
Legal and statutory reserves	-	1
Other reserves	- 58	- 78
Tier 1 Capital	353	334
Revaluation reserve	-	2
Subordinated loans (for purposes of qualifying capital):		
– Upper Tier 2	125	125
– Lower Tier 2	125	160
Tier 2 Capital	250	287
Total Capital	603	621
Deductible items	-	24
Total Qualifying Capital	603	597
Risk Weighted assets	3 556	4 845
BIS-ratio	17.0%	12.3%

Risk Management and Compliance

Risk Management and Compliance are key focal areas for Dexia Bank Nederland, in which the requirements of De Nederlandsche Bank in its Organisation and Control Regulation (ROB) and the rules and regulations set by the Autoriteit Financiële Markten serve as guidelines.

Four Risk Committees report to the Management Board and each committee chairman is a member of the Management Board.

Daily Risk Management at Dexia Bank Nederland is in the hands of the newly formed department Risk Management, Legal & Compliance. Four sub-departments operate within the Department: Risk Management (covering market & credit risk), Operational Risk Control, Legal and the so-called Complaint Office. The department's main duties are to monitor compliance with legal and supervisory rules and regulations as well as monitoring the limits set by the Risk Committees and to report on its monitoring to the responsible management and relevant Risk Committees.

Operational Risk Management Committee (ORMC)

The ORMC supervises, in a co-ordinating and policy-making capacity, all the risks Dexia Bank Nederland should control with regard to the ROB mentioned above. The operational risk comprises current and future threats to capital and results of the institution as a consequence of (1) inadequate performance in the daily processing of transactions with clients or other interested parties, the settlement of such transactions as well as inadequate procedures and measures for the timely detection of failures, (2) quantitative and qualitative shortcomings or limitations in human capacity, (3) faulty decision-making as a consequence of inadequate management information.

The IT risk, which is also monitored by the ORMC, comprises current and future threats to capital and results of the institution as a consequence of an inadequate strategy and policy or of shortcomings in the technology applied and/or the applications in regard to information processing and communication, which are translated into strategy, control, exclusivity, integrity, verifiability, continuity and user risks.

Credit, Legal and Acceptance Committee (CLA)

The CLA Committee assesses the credit and legal risks, which comprise current and future threats to capital and results of the bank as a consequence of non-compliance by a counterpart with a financial or other contractual obligation to the bank, which includes the possibility of restrictions or impediments in regard to the transfer of payments from abroad. Focal areas are credit facilities and counterparts, insofar as these are individual relations. Legal risks are monitored on a general basis; both internal and external lawyers monitor individual cases. All legal files in relation to the share leasing products are followed up closely by the head legal counsel of Dexia Group.

The CLA Committee also supervises, in a co-ordinating and policy-making capacity, the acceptance procedures for both (retail) customers of the bank and the admission of independent financial intermediaries.

Asset & Liability Committee (ALCO)

The Asset & Liability Committee assesses the liquidity risk, which relates to current and future threats to capital and results of the bank as a consequence of the possibility that it may not at any given time be able to meet its short-term payment obligations without incurring unacceptable costs or losses. Focal areas are balance sheet structure, resource management, interest rate mismatch and interest rate policy.

Also included in the ALCO mandate is the monitoring of market risks, the current and future threats to capital and results of the institution as a consequence of market price volatility with a special focus on derivatives positions. Due to reduced market activities, a separate market risk committee was considered not applicable anymore.

Committee New Products

This Committee assesses new products mainly in light of their operational risk and IT risk exposure. Focal areas of this Committee are all the potential risks attached to the introduction of a new product, which expressly includes the processing ability of the operational organisation structure and control of all the risks attached to the product.

Complaint Office

In 2003 a sub-department has been installed with the main task to handle, streamline, co-ordinate and monitor complaints from clients. This Complaint Office reports weekly to the Management Board about developments on the complaints handling.

Codes of Conduct Dexia Group

Further to local rules and regulations, Dexia Group wishes its separate, national parts to comply with the Group Codes of Conduct. In this respect, Dexia Group has clearly described what conduct she expects of her subsidiaries. In 2003, Dexia Bank Nederland has implemented a code of conduct, a compliance charter and a new set of regulations on private investment transactions by Dexia Bank Nederland employees. In line with Group principles a designated compliance officer has been appointed at Dexia Bank Nederland.

Outlook

Dexia Bank Nederland NV will focus entirely on retail clients and products, and strive to regain the trust of the retail clients in the mass-market investment products of Dexia. The commercial policy of the bank will primarily be based on building relationships with (independent) intermediaries.

In the current situation, referring to the share leasing issues, management has no full visibility on future investments or developments in staff.

Amsterdam, March 8, 2004

**Management Board
Dexia Bank Nederland NV**

D.G.M. Bruneel, chairman

J.S.E. Brumagne

L.A.J. van Thielen

E.C. Lekkerkerker

Annual Accounts

Consolidated Balance Sheet

as at December 31, 2003 after appropriation of result

In thousands of euros

2003

2002

Assets

Cash		1		184 588
Short-dated government paper		550 000		378 665
Banks		667 939		506 733
Loans and advances to the public sector	41 576		156 671	
Loans and advances to the private sector	3 080 452		4 136 750	
Loans and advances		3 122 028		4 293 421
Interest-bearing securities		97 094		323 130
Shares		680 912		735 294
Participating interests		-		1 410
Property and equipment		17 082		52 085
Other assets, prepayments and accrued income		488 291		729 964
		5 623 347		7 205 290

Liabilities

Banks		3 613 704		3 322 692
Funds entrusted		67 233		1 770 392
Debt securities		707 570		658 018
Other liabilities (including short positions)		206 912		143 599
Accruals and deferred income		366 158		562 740
Provisions		56 617		80 103
		5 018 194		6 537 544
Subordinated liabilities		250 000		332 916
Shareholders' equity		355 153		334 830
		5 623 347		7 205 290

Contingent liabilities

Commitments arising from guarantees		116 504		185 428
Commitments arising to extent credit		8 091		192 362

Further details on contingent liabilities, including litigation risk, are set forth on page 40.

Consolidated Profit & Loss Account

for 2003

In thousands of euros

2003

2002

Income

Interest income	463 851		404 214
Interest expense	- 211 437		- 181 956
		252 414	222 258
Income from securities and participating interests		1 691	- 5 837
Commission income	12 697		140 017
Commission expense	- 7 095		- 22 952
		5 602	117 065
Result from financial transactions		8 127	- 6 544
Other income and expense		- 32 952	- 27 646
Total income		234 882	299 296

Expenses

Personnel expense	29 633		157 799
Other administrative expense	47 835		85 763
Depreciation	11 152		22 468
Operating expenses		88 620	266 030
Provision for loan losses		14 278	439 078
Total expenses		102 898	705 108
Result before tax		131 984	- 405 812
Tax		44 661	- 141 871
Group result after tax		87 323	- 263 941
Attributable to minority interests		-	- 1 114
Net result		87 323	- 265 055

Consolidated Cash Flow Statement

For 2003

In thousand of euros

2003

2002

Net result	87 323	- 265 055	
Depreciation	11 152	22 468	
Revaluation investment portfolio	53	3 752	
Provisions	16 575	- 6 297	
Provision for loan losses	14 278	454 699	
Other assets, prepayments and accrued income	205 124	329 399	
Accruals and deferred income	- 164 489	- 253 920	
Equity investment	- 2 210	-	
Income from participating interests	519	- 823	
Net cash flow from net result	168 325		284 223
Short-dated government paper	- 171 335	- 378 665	
Banks (assets)	- 210 404	298 953	
Banks (liabilities)	214 691	1 312 813	
Loans and advances	895 525	- 1 227 190	
Funds entrusted	- 1 338 161	- 1 099 371	
Equity investment	28 077	-13 728	
Trading portfolio	-	165 255	
Hedge portfolio	- 16 458	540 250	
Provisions	- 38 273	-	
Other liabilities	63 313	- 183 204	
Debt securities	49 552	139 564	
Net cash flow from banking activities	- 523 473		- 445 323
Net cash flow from operating activities	- 355 148		- 161 100
Participating interests	-784	- 8 070	
Property and equipment	- 1 013	40 283	
Investment portfolio			
Investments	- 22 538	- 95 026	
Divestments	244 820	92 881	
Net cash flow from investment activities	220 485		30 068
Subordinated liabilities			
New loans	-	233 000	
Repayments	- 49 916	- 11 344	
Equity			
Shares issued	-	4 484	
Share premium	-	50 000	
Net cash flow from financing activities	- 49 916		276 140
Net cash flow	- 184 579		145 108
Cash flow as result of split-off Kempen & Co	- 8		-
Cash balance at start of year	184 588		39 480
Cash balance at end of year	1		184 588

Notes

General

These notes refer to both the company and the consolidated balance sheet and profit and loss account, unless otherwise stated in the notes under the heading concerned.

The bank has, as a registered credit institution, drawn up its annual accounts in accordance with the stipulations laid down on March 17, 1993 in Title 9, Book 2 of the Dutch Civil Code (*Burgerlijk Wetboek*) and the recommendations and resolutions associated with it.

The issued and paid-up capital of Dexia Bank Nederland NV (the Bank) is indirectly wholly owned by Dexia SA in Brussels, being the ultimate holding company of the group to which the Bank belongs for the year ended December 31, 2003. The immediate holding company in which the financial results of the Bank are being consolidated is Dexia Nederland Holding NV.

Demerger of Kempen activities

Due to the problems with share lease products and continuing negative market developments in 2002, it was decided at the end of 2002 to spin off the merchant banking activities of Kempen & Co from Dexia Bank Nederland NV.

On April 11, 2003, the merchant banking activities of Kempen & Co were demerged from Dexia Bank Nederland NV with retrospective effect from January 1, 2003 into a new company (Kempen & Co NV). The comparative figures presented in these accounts include amounts relating to these activities. Kempen & Co NV operates as an independent merchant bank and subsidiary of the Dexia Group, active in asset management, securities advice, brokerage, research and corporate finance.

The split-off, undertaken in accordance with Dutch civil code, is described in the 'Splitsingsakte Dexia Bank Nederland NV' dated February 13, 2003 filed at the Chamber of Commerce in Amsterdam.

See page 39 for further details.

Sale of E-Brokerage activities

On March 28, 2003, the E-Brokerage activities of Dexia Bank Nederland NV were sold to a third party. In the profit and loss account, the results of the E-Brokerage activities are included until March 28, 2003.

Principles of consolidation

Dexia Bank Nederland NV and its subsidiaries are hereinafter referred to as the Group.

Subsidiaries, which are those companies and other entities in which the Group, directly or indirectly, has power to govern the financial and operating policies, are consolidated. Subsidiaries are consolidated from the date in which control is transferred to the Group and are no longer consolidated from the date that control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured at the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition, plus costs directly attributable to the acquisition. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, the accounting principles of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

Principles for valuation and determination of results

Assets and liabilities

Assets and liabilities are included at face value, unless otherwise indicated. Where necessary, downward valuations have been made, which are described in the note to the item involved.

Foreign currencies

Assets and liabilities in foreign currencies are stated at the exchange rates prevailing at the balance sheet date. Exchange rate differences are taken to the profit and loss account and are included in result from financial transactions.

Banks, loans and advances

Receivables are stated at face value net of provision for losses, if any.

Loans that are extended by the Bank at a zero interest rate or at concessional rates of interest are reported at their present value. The loan present value is determined by discounting the future expected cash flows on the loan at the average original effective interest rate on the Bank's share lease portfolio.

This discounting policy was adopted in 2003. The adoption of this policy in 2002 would not have had a material impact on the net result reported for 2002.

Investment, trading and hedge portfolios

The investment portfolio is comprised of interest-bearing securities as well as shares and other non interest-bearing securities that are held for investment purposes.

The trading portfolio is comprised of interest-bearing securities as well as shares and other non-interest-bearing securities that are held for trading purposes.

The hedge portfolio is comprised of shares and derivative financial instruments hedging derivative positions embedded within share lease products.

Interest-bearing securities

The interest-bearing securities included in the investment portfolio are stated at redemption value, net of any unamortised discount or premium arising on acquisition. This discount or premium, which has the character of interest, is recognised as interest income over the period to maturity. Profits arising on disposals are accounted for in the result in proportion to the weighted average term of the portfolio; losses on disposals are charged directly to the result. The interest-bearing securities included in the trading portfolio are stated at market value. Revaluation gains and losses are reported in the profit and loss account under 'Results from financial transactions'.

Shares

The shares included in the investment portfolio are stated at market value, which for listed companies is the stock exchange price at the balance sheet date and for unlisted companies, the estimated net realisable value. Valuation adjustments, net of deferred taxation, are reflected in the revaluation reserve. To the extent that this reserve is insufficient to cover negative changes in value, such changes are reported in the profit and loss account.

The shares included in the trading portfolio and hedge portfolio are stated at market value, which for listed companies is the stock exchange price at the balance sheet date and for unlisted companies, the estimated net realisable value. Revaluation gains and losses are reported in the profit and loss account under 'Results from financial transactions'.

Derivative financial instruments

Derivative financial instruments include derivatives embedded in share lease products, share options, interest rate swaptions, interest rate swaps and interest rate options. Share lease embedded derivatives and derivatives that hedge the interest rate risk and market risk arising from these embedded derivatives are reported in the balance sheet at fair value, and associated gains and losses are reported in the profit and loss account, under 'Result from financial transactions'. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models as appropriate. Such derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Other derivatives entered into by the Bank for interest rate management purposes are accounted for using the accruals method.

Participating interests

The participating interests in which the bank has a significant influence interest are valued using the equity method. The income generated by these interests is included in the item 'Income from securities and participating interests'.

The participating interests, over which the bank does not have a significant influence, are valued at net realisable value. Changes in value are reflected in shareholders' equity. To the extent that the reserve is insufficient to cover negative changes in value, such changes are charged to the result. Dividends received from these companies are included in the item 'Income from securities and participating interests'.

Equipment

Equipment is valued at cost less accumulated depreciation, calculated on a straight-line basis over its estimated useful life, taking into account any residual value.

Debt securities

Debt certificates arising from share lease contracts are valued at market value, which is based on the underlying baskets of shares. The market value of these underlying assets is the stock exchange price at the balance sheet date for listed companies and for unlisted companies, the estimated net realisable value.

Provisions

- Provision for deferred taxation

Deferred tax assets and liabilities are recognised for temporary differences between the carrying amounts of assets and liabilities used for financial reporting purposes and the corresponding fiscal valuation.

- Pension provisions

Under this item is included a provision for early retirement. This provision is made to cover the present value of future commitments for payments arising from early retirement. Allocations to the provision, calculated with due regard to staff attribution rates and mortality risks, are made annually and charged in the profit and loss account.

- Reorganisation provision

A provision for reorganisation costs is recognised when there is a demonstrable legal or constructive commitment to reorganise and a reliable estimate of the amount of the liability can be made.

- Provisions for legal risk

Provisions for legal risks are considered whenever damages to be awarded to the plaintiff are probable or likely. No provisions are considered when damages to be awarded to the plaintiff are remote or possible. No provisions for legal risk are booked whenever the amounts involved cannot be estimated with a reasonable degree of certainty. No provision for legal risk is provided if a provision of another nature (like a credit risk provision) is covering the same risk.

- Other provisions

Provisions are recognised when the bank has a present constructive obligation as a result of past events and if a reliable estimate of the amount can be made.

Results

Income and expenditure are recognised in the financial year to which they relate, regardless of whether they produce cash flows. As the consolidated profit and loss account includes the profit and loss account of Dexia Bank Nederland NV, only an abridged parent entity profit and loss account is reported, in accordance with Article 402, Book 2 of the Netherlands Civil code.

Interest income

Interest income is accrued based on the nominal interest rate of the loan. Interest income is not recognised on loans that are more than ninety days past due.

With respect to zero interest loans or loans extended by the bank at concessionary rates of interest, interest income is recognised based on the discount rate used to determine the present value of the loan; see above under 'Banks, loans and advances'.

Amortisation of capitalised distribution expenses and option premiums

Distribution expenses and option premiums included under prepayments and accrued income are related to share lease contracts. They are taken into the profit and loss account over the minimum term of these contracts.

Pensions

At Dexia Bank Nederland NV, the pension plan can be characterised as a defined benefit plan (an indexed career average pension plan with a final pay test for transition and guarantee regulation). Pension contributions charged by the pension fund on the basis of a capital contract with an insurance company are included as expenses in the annual accounts of the Bank on an accruals basis.

Cash flow statement

The cash flow statement shows the origin of the cash that became available during the year, and the way funds were allocated. The cash flow statement conforms to the Directives of the Council for Annual Reporting, which require that the cash flows are split into operational, investment and financing activities. Cash includes bank notes and coins in foreign currencies, as well as demand deposits held with De Nederlandsche Bank NV.

The cash flow statement has been drawn up using the indirect method, whereby net profits are translated into cash flows after making adjustments to these profits. Changes in assets and liabilities arising from the acquisition of group companies for consolidation are excluded from the determination of cash flow.

Risk and uncertainties

The preparation of the annual accounts requires management to make estimates and assumptions that affect amounts reported in the annual accounts. Changes in such estimates and assumptions may affect the amounts reported in future periods, and such affects could be material.

Notes to the Consolidated Balance Sheet

In thousands of euros, unless otherwise stated

2003

2002

Assets

Cash	1	184 588
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This covers cash, including bank notes and coins in foreign currencies as well as the demand deposits held with De Nederlandsche Bank NV.

Short-dated government paper	550 000	378 665
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This item includes interest-bearing securities issued by public authorities, such as treasury paper with original terms of two years or less, provided they can be refinanced with the central bank.

The short-dated government paper consists of Dutch Treasury Certificates bearing fixed short-term rates of between 2.0% and 2.1% (2002: between 2.7% and 2.9%).

Banks	667 939	506 733
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This relates to receivables from domestic and foreign credit institutions, including overnight loans, balances on demand and receivables arising from unsettled securities transactions not payable on demand.

This item comprises:

Current accounts	643 051	422 195
Receivables, with a remaining term of:		
- three months or less	5 591	75 000
- three months to one year	19 174	9 538
- one year to five years	123	-
	667 939	506 733

The receivables payable on demand bear a floating rate of interest on a daily basis. The receivables with a remaining term consist mainly of deposits bearing fixed short-term rates of between 1.1% and 2.2% (2002: between 3.1% and 3.6%).

Amounts receivable from the bank's parent entities and other related parties	105 200	3 756
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Loans and advances	3 122 028	4 293 421
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This relates to receivables from domestic and foreign, public and private sector clients, including overnight loans, balances on demand, advances in current accounts against collateral in the form of securities, receivables arising on share lease transactions and loans and receivables arising from unsettled securities transactions with a fixed term.

Annual Accounts 2003 Dexia Bank Nederland NV

In thousands of euros, unless otherwise stated

	2003	2002
This item comprises:		
Current accounts	197 938	508 065
Receivables with a remaining term of:		
- three months or less	148 446	269 623
- three months to one year	229 505	875 234
- one year to five years	930 315	866 842
- more than five years	2 078 517	2 263 751
	3 584 721	4 783 515
Less: provision for loan losses	- 462 693	- 490 094
	3 122 028	4 293 421

Current accounts bear a floating rate of interest on a daily basis. The receivables with a remaining term consist mainly of share lease contracts with a fixed interest rate of between 0% and 16.2% (2002: between 7.0% and 16.2%).

The Bank has determined a provision for loan losses on the basis of estimations of collateral shortfall, default rates and recovery rates. These estimations have been made in the light of the level of acceptances under the offer to share leaseholders referred to below. Although these elements vary over time, the bank's approach aims, on the basis of available historical experience, to determine a prudent estimate of loan losses. As described above under Risk and Uncertainties (under the paragraph 'general notes'), changes in these elements reflecting emerging experience may affect amounts reported in future periods.

The provision for loan losses includes the discounting adjustment described under 'Notes- Bank, Loans and advances'.

In December 2002, the bank made an offer to share leaseholders in cases where a residual debt to the Bank might arise upon maturity of the lease. Under the terms of the offer, if a residual debt arises upon maturity of a lease, the leaseholder can choose between: repaying the debt under a zero interest rate facility; extending the lease contract at a concessional rate of interest; or settling the amount due (in which case the leaseholder is eligible to receive a prescribed number of stock index options for a nil premium).

Annual Accounts 2003 Dexia Bank Nederland NV

In thousands of euros, unless otherwise stated

2003

2002

Loans and advances include zero interest rate loans and other concessional rate loans as follows.

Zero interest rate loans arising under the Dexia Offer	78 054	-
Lease extensions at cost interest rate under the Dexia Offer	366 683	-
Other concessional rate loans	263 365	379 329
	708 102	379 329
Less discounting adjustment	70 871	-
Present value reported under loans and advances	637 231	379 329

Movements in the provision for loan losses:

Balance at start of year	490 094	
Addition charged through the profit & loss account	14 278	
Use of the provision	- 33 435	
Transferred to other provisions	- 4 357	
Movements as result of split-off of Kempen & Co and sale of E-Brokerage activities	- 3 887	
Balance at end of year	462 693	

Loans and advances have practically all been granted to private individuals resident in The Netherlands.

Interest-bearing securities	97 094	323 130
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This item comprises:

Bonds issued by public corporate bodies		
- listed	4 538	120 970
Other bonds and interest-bearing securities		
- listed	92 556	202 160
	97 094	323 130

Maturing within one year	22 094	65 712
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The breakdown into portfolios is as follows:

Investment portfolio	97 094	319 376
Trading portfolio	-	3 754
	97 094	323 130

Annual Accounts 2003 Dexia Bank Nederland NV

In thousands of euros, unless otherwise stated

2003

2002

Movements in the investment portfolio:

Balance at start of year	319 376	328 576
Purchases	22 538	95 026
Change in consolidation scope	-	- 11 345
Disposals	- 188 594	- 47 994
Redemptions	- 56 226	- 44 887
Balance at end of year	97 094	319 376

The item net unamortised portion of discounts and premiums on the investment portfolio amounted to a premium of € 1.5 million as at December 31, 2003 (2002: € 2.1 million discount).

Shares

680 912

735 294

This item relates to shares and other variable-yield securities, such as derivatives.

This item comprises:

Listed	535 191	601 402
Unlisted	145 721	133 892
	680 912	735 294

The breakdown by portfolios is as follows:

Investment portfolio	83	20 764
Trading portfolio	-	25 087
Participating interests	-	25 073
Other portfolio:		
- Hedge portfolio of listed shares acquired to hedge the embedded derivatives in share lease products	535 108	562 120
- Hedge portfolio of derivatives acquired to hedge the embedded derivatives in share lease products	145 721	102 250
	680 912	735 294

The hedge portfolio of listed shares acquired to hedge the embedded derivatives in share lease products is used to hedge a.o. the obligation for future delivery of shares to counter parties.

Movements in the investment portfolio:

Balance at start of year	20 764	24 516
Movement as result of split-off of Kempen & Co	- 20 627	-
Revaluation	- 54	- 3 752
Balance at end of year	83	20 764

Annual Accounts 2003 Dexia Bank Nederland NV

In thousands of euros, unless otherwise stated

2003

2002

Movements in participating interests:

Balance at start of year	25 073	-
Reclassification to other portfolio	794	-
Share of net result	2 210	-
Disposals	- 28 077	-
Change in consolidation scope	-	25 073
Balance at end of year	-	25 073

The item participating interests is comprised of 100% ownership in Dexia Securities Services NV. As at December 31, 2002, Dexia Securities Services NV was deconsolidated in view of its impending disposal, and was reported under the equity method. As a result of Dexia Group policy, the ownership of this subsidiary was sold for a consideration equal to its carrying value (under the equity method) to an affiliate within the Dexia Group. The share of net result is reported in the profit and loss account under 'Income from securities and participating interests'.

Participating interests

-

1 410

This item concerns participating interests relating to unlisted non-credit institutions.

Movements in the participating interests:

Balance at start of year	1 410	2 506
Share of net result	-	- 823
Impairment expense	- 519	-
Investments	-	6 394
Disposals	- 10	- 6 410
Movement as result of split-off of Kempen & Co	- 881	-
Change in consolidation scope	-	- 257
Balance at end of year	-	1 410

The item 'participating interests' includes the following unlisted companies, which are valued at nil.

Name of participating interest	Percentage of issued shares held by the bank	Place of business
Paerel Trading Partners BV	5.0%	Amsterdam
Independent Minds Ltd	27.0%	London

Annual Accounts 2003 Dexia Bank Nederland NV

In thousands of euros, unless otherwise stated

2003

2002

Property and equipment

17 082

52 085

This relates to office equipment and computer software as well as property and equipment not in use.

Movements in property and equipment:

	Equipment	Not in use	Total
Balance at start of year	49 629	2 456	52 085
Investments	3 205	-	3 205
Disposals	- 2 192	-	- 2 192
Movement as result of split-off of Kempen & Co	- 22 408	- 2 456	- 24 864
Depreciation	- 11 152	-	- 11 152
Balance at end of year	17 082	-	17 082

This item is specified as follows:

	Depreciation	Purchase price	Cumulative Depreciation year-end 2002	Depreciation 2003	Book value
Office equipment	2-10 years	40 446	17 590	8 238	14 618
Computer software	2-3 years	11 364	5 986	2 914	2 464
		51 810	23 576	11 152	17 082

Other assets, prepayments and accrued income

488 291

729 964

Includes interest receivable, unamortised premiums on the investment portfolio and capitalised distribution expenses, capitalised option premiums related to lease products and other prepaid and accrued items.

This item can be broken down as follows:

Interest receivable	70 895	90 347
Capitalised distribution expenses	88 642	151 464
Capitalised option premiums	161 272	217 664
Current tax receivable	109 882	171 570
Other	57 600	98 919
	488 291	729 964

The maturity table for the capitalised distribution expenses and option premiums is as follows:

- up till one year	70 998	101 927
- one year to five years	142 598	205 351
- more than five years	36 318	61 850
	249 914	369 128

All other amounts mature within one year.

Amounts receivable from the bank's parent entities and other related parties

3 863

-

Annual Accounts 2003 Dexia Bank Nederland NV

In thousands of euros, unless otherwise stated

2003

2002

Fiscal unity

As from April 11, 2003 Dexia Bank Nederland NV is part of the fiscal unity with Kempen & Co NV and with Dexia Nederland Holding NV, as the parent company. Actual tax assets and liabilities are transferred to the parent company Dexia Nederland Holding NV.

The Bank can be held liable for the corporate income tax and VAT obligations of all entities belonging to the fiscal unity.

Liabilities

Banks	3 613 704	3 322 692
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This relates to obligations to domestic and foreign credit institutions, overnight loans, payables on demand, deposits and obligations not payable on demand, and amounts arising out of unsettled securities transactions.

This item comprises:

Current accounts	250 317	766 714
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Liabilities with a remaining term of:

- three months or less	1 587 387	2 305 978
- three months to one year	1 606 000	80 000
- one to five years	120 000	120 000
- longer than five years	50 000	50 000

	3 613 704	3 322 692
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Amounts payable to the bank's parent entities and other related parties

	3 393 454	2 823 897
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The liabilities payable on demand bear a floating rate of interest on a daily basis. The liabilities with a remaining term consist mainly of deposits from Dexia Group entities bearing fixed short-term rates of between 1.0% and 6.7% (2002: between 2.9% and 3.3%).

Funds entrusted	67 233	1 770 392
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This relates to liabilities to domestic and foreign private-sector clients, including deposits (not savings accounts), current accounts, overnight loans and liabilities arising from unsettled securities transactions with a fixed term.

Annual Accounts 2003 Dexia Bank Nederland NV

In thousands of euros, unless otherwise stated

	2003	2002
This item comprises:		
Current accounts	20 021	1 671 752
Liabilities with a remaining term of:		
- three months or less	39 000	64 579
- three months to one year	500	19 508
- one year to five years	1 798	8 619
- longer than five years	5 914	5 934
	67 233	1 770 392

The current accounts bear a floating rate of interest on a daily basis. The liabilities with a remaining term consist mainly of deposits from municipalities bearing fixed short-term rates of between 2.1% and 6.6% (2002: between 2.9% and 3.4%).

Debt securities	707 570	658 018
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This item includes liabilities arising from debt certificates issued in connection with share leasing activities and bonds issued to investors.

This item comprises:

Debt certificates relating to share lease products	437 570	323 018
Bonds	270 000	335 000
	707 570	658 018

This item comprises:

Debts with a remaining term of:		
- three months to one year	270 000	65 000
- one year to five years	-	270 000
- longer than five years	437 570	323 018
	707 570	658 018

The debt certificates relating to share lease products are non-interest-bearing liabilities. The average interest on the bonds amounts to 4.5% (2002: 4.5%).

Other liabilities	206 912	143 599
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This relates to short positions in derivative financial instruments of € 203 million (2002: € 86 million.) and € 3 million taxes payable (2002: € 29 million).

Annual Accounts 2003 Dexia Bank Nederland NV

In thousands of euros, unless otherwise stated

	2003	2002
Accruals and deferred income	366 158	562 740
Comprise discounts on bonds in the investment portfolio, interest payable and unearned interest, and other accrued and deferred items.		
This item comprises:		
Interest payable	140 408	132 666
Unearned interest	176 095	326 975
Other accruals and deferred income	49 655	103 099
	366 158	562 740

Amounts payable to the bank's parent entities and other related parties	21 498	-
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Provisions	56 617	80 103
This item comprises:		
Provisions for deferred tax liabilities	30 919	53 569
Provisions for pension commitments	1 520	1 951
Provision for reorganisation	-	8 000
Other provisions	24 178	16 583
	56 617	80 103

Movements in the provisions:

	Deferred tax	Pensions	Reorgani- sation	Other	Total
Balance at start of year	53 569	1 951	8 000	16 583	80 103
Use of provision	- 22 650	- 431	- 8 000	- 11 747	- 42 828
Charged to the profit and loss account	-	-	-	14 985	14 985
Reclasses	-	-	-	4 357	4 357
Balance at end of year	30 919	1 520	-	24 178	56 617

Provisions include an amount of € 1.5 million that is expected to be settled after five years.

Annual Accounts 2003 Dexia Bank Nederland NV

In thousands of euros, unless otherwise stated

2003

2002

Subordinated liabilities

250 000

332 916

These liabilities, from Dexia Group entities, are subordinated to all present and future liabilities. Of these liabilities, € 125 million redeems in 2010 and € 125 million has no redemption date. The average interest rate for the subordinated liabilities amounts to 6.0%, total interest charge in 2003 amounts to € 12.9 million (2002: € 6.4 million).

Movements in the subordinated liabilities:

Balance at start of year	332 916	111 260
New loans	-	233 000
Repayments	- 49 916	- 11 344
Movements as result of split-off of Kempen & Co	- 33 000	-
Balance at end of year	250 000	332 916

Shareholders' equity

355 153

334 830

Movements in the shareholders' equity are as follows:

	Share capital	Premium reserve	Revaluation reserve	Legal Reserve	Other reserves	Total
Balance at start of year	11 320	399 697	1 556	653	- 78 396	334 830
Distribution as result of the Kempen split-off	-	-	- 1 556	-653	- 64 791	- 67 000
Appropriation of result	-	-	-	-	85 323	85 323
Dividend to be distributed	-	-	-	-	2 000	2 000
Balance at end of year	11 320	399 697	-	-	- 55 864	355 153

Issued paid-up share capital

11 320

11 320

The authorised share capital of the bank amounts to € 54 million, divided into 112.5 million shares with a nominal value of € 0.48 of which 23 584 466 shares were issued and fully paid up at year-end 2003.

Annual Accounts 2003 Dexia Bank Nederland NV

<i>In thousands of euros, unless otherwise stated</i>	2003	2002
Revaluation reserve	-	1 556
The revaluation reserve reflects the valuation adjustments to the investment portfolio and properties, after the deduction of deferred tax liabilities. This reserve cannot be transferred to shareholders.		
Legal and statutory reserves	-	653
The legal reserve relates to results not freely payable, and to obligations relating to minimum capital requirements of participating interests. These reserves cannot be transferred to shareholders.		
BIS-ratio (in millions of euros)	17.0%	12.3%
Share capital	11	11
Share premium reserve	400	400
Legal and statutory reserves	-	1
Other reserves	- 58	- 78
Tier 1 Capital	353	334
Revaluation reserve	-	2
Subordinated loans (for purposes of qualifying capital):		
- Upper Tier 2	125	125
- Lower Tier 2	125	160
Tier 2 Capital	250	287
Total Capital	603	621
Deductible items	-	24
Total Qualifying Capital	603	597
Risk Weighted assets	3 556	4 845
BIS-ratio	17.0%	12.3%

Derivatives

Derivatives are financial instruments in the form of contracts, whose value depends on one or more underlying assets, reference prices or indices. The underlying value is based on the asset on which the contract is derived, or the reference amount on the basis of which cash flows are exchanged or price differences settled.

The following information provides an indication of the volume of the transactions the bank has entered into, as well as the related risks.

The first table shows the notional amount at balance sheet date for each type of contract, broken down according to the remaining term. The positive replacement value is the total of the market values of the contracts whose market value is positive. The second table shows the unweighted and weighted credit equivalents of the contracts with positive replacement value at balance sheet date. The unweighted credit equivalent provides an indication of the credit risk without taking the counterparty's creditworthiness into account. The unweighted credit equivalent is the aforementioned positive replacement value, plus a percentage of the underlying assets or reference prices of all the contracts. This percentage is dependent on the type of contract and the remaining term, and ranges from 0-15%. In determining the weighted credit equivalent, consideration is given to the counterparty's creditworthiness.

The above information is based on the norms that are employed by the regulatory body that supervises solvency testing for the bank.

Annual Accounts 2003 Dexia Bank Nederland NV

Derivatives summary

In millions of euros

	Notional Amount < 1 year	Notional amount 1 to 5 years	Notional amount > 5 year	Notional amount Total	Positive replacement value
Interest-rate contracts					
OTC Swaps	3 661	4 165	1 786	9 612	45
OTC Options	50	-	-	50	5
Listed Futures	56	-	-	56	6
Currency contracts					
OTC Forwards	7	-	-	7	1
Other contracts					
OTC Forwards	25	-	-	25	2
OTC Options	483	1 429	627	2 375	145
Listed Futures	9	-	-	9	5
Listed Options	1	-	-	1	-
	4 292	5 594	2 413	12 135	209

*Comparative figures 2002
In millions of euros*

	Notional Amount < 1 year	Notional amount 1 to 5 years	Notional amount > 5 year	Notional amount Total	Positive replacement value
Interest-rate contracts:					
OTC Swaps	2 495	3 200	388	6 083	22
OTC Forwards	359	393	-	752	2
OTC Options	151	50	-	201	16
OTC Futures	163	-	-	163	-
Currency contracts					
OTC Forwards	291	-	-	291	2
Other contracts:					
OTC Forwards	123	-	-	123	54
OTC Options	2 436	1 513	907	4 691	175
OTC Futures	6	-	-	6	-
Listed Options	37	-	-	37	-
	6 061	5 156	1 295	12 347	271

Other contracts are comprised of derivatives embedded in share lease contracts, and derivatives entered into by the bank to hedge these positions.

Annual Accounts 2003 Dexia Bank Nederland NV

Credit equivalent

In millions of euros

	Unweighted year-end 2003	Weighted year-end 2003	Unweighted year-end 2002	Weighted year-end 2002
Interest-rate contracts	82	16	54	11
Currency contracts	1	-	5	1
Other contracts	180	40	242	52
	263	56	301	64

In thousands of euros, unless otherwise stated

2003

2002

Foreign currencies

The euro equivalents of the foreign currency units included in the balance sheet are:

Assets	20 836	34 437
Liabilities	1 664	381 946

Securities borrowed and lent

The securities borrowed and lent not included in the balance sheet are:

Borrowed	-	3 839 110
Lent	-	3 827 201

The securities borrowed and lent as at December 31, 2002 relate to the non consolidated participation Dexia Securities Services NV.

Market risk

Market risk is the risk that market variables will move and result in profit or loss on positions. Market risk is managed by risk limits for trading positions, position concentration and interest rate sensitivity. Risk limits are set-up within the risk committees of risk management in the light of external market developments. Line management is responsible for control of exposures against limits on a daily basis. Risk management monitors these limits on a daily basis.

Interest risk

Interest risk is the sensitivity of the bank's funding to fluctuations in long and short term interest rates, which fluctuations can result in profit or loss on positions kept. The treasury department manages the bank's overall interest risk. The treasury department manages interest risk inherent in the term structure of the bank's balance sheet, based on strict limits regarding interest rate sensitivity per basis point. These limits are set by the Asset and Liability Committee and are monitored on a daily basis.

Credit risk

The lending activity of the bank principally consists of loans and share lease products (collateralised by securities) to private clients and institutions, established in the Netherlands. At year-end, the market value of collateral amounted to 65% (2002: 63%) of the corresponding carrying value of loans and advances.

Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, human behaviour and system or from external events. Line management at all levels is responsible for directing and controlling operational risks. Line management is supported by the risk manager for risk identification and risk mitigation. A number of models are in development and in various stages of implementation to identify and measure these risks.

Fair value

Fair value is the amount for which a financial instrument could be exchanged in transactions between two parties in the event objective and independent price making is possible. If it is traded on an exchange, then the stock exchange listing is a good indication of fair value. In many cases, such a market value is not available and so methods of approximation are applied in order to estimate fair value, using models that are generally used by the financial markets in which the bank trades. This value reflects market conditions and the value of parameters at reporting date and may differ from the value at which assets and liabilities would be exchanged.

For balance sheet line items where there is a difference between book value and fair value, the differences are as follows:

	Book value year-end 2003	Fair value year-end 2003	Book value year-end 2002	Fair value year-end 2002
Assets				
Loans and advances	3 122 028	3 373 274	4 293 421	4 714 723
Interest-bearing securities and shares	632 285	632 586	1 058 424	1 062 205
Prepayments and accrued income	480 084	211 285	729 964	471 145
Liabilities				
Debt securities	599 584	603 081	658 018	660 118
Accruals and deferred income	343 259	435 419	562 740	721 796
Provisions	56 617	56 617	80 103	27 435

Annual Accounts 2003 Dexia Bank Nederland NV

Kempen split-off

On April 11, 2003 the merchant banking activities of Kempen & Co were demerged from Dexia Bank Nederland NV, with retrospective effect from January 1, 2003 into a new company, Kempen & Co NV.

Kempen & Co NV operates as an independent merchant bank and subsidiary of the Dexia Group, active in asset management, securities advice, brokerage, research and corporate finance.

The January 1, 2003 consolidated balance sheets of Dexia Bank Nederland NV and Kempen & Co NV immediately following the demerger were as follows:

	Dexia Bank Nederland NV	Kempen & Co NV
Assets		
Cash	184 580	8
Short-dated government paper	378 665	-
Banks	457 535	217 540
Loans and advances	4 031 831	261 590
Interest-bearing securities	319 376	3 754
Shares	689 580	45 714
Participating interests	529	881
Property and equipment	27 221	24 864
Other assets, prepayments and accrued income	693 415	35 249
	6 782 732	589 600
Liabilities		
Banks	3 399 013	92 021
Funds entrusted	1 405 394	364 998
Debt securities	658 018	-
Other liabilities (including short positions)	143 599	-
Accruals and deferred income	530 647	32 093
Provisions	78 315	488
	6 214 986	489 600
Subordinated liabilities	299 916	33 000
Shareholders' equity	267 830	67 000
	6 782 732	589 600
Contingent liabilities		
Commitments arising from guarantees	159 433	25 995
Commitments arising to extend credit	192 362	-

Annual Accounts 2003 Dexia Bank Nederland NV

In thousands of euros, unless otherwise stated

2003

2002

Obligations not shown in the balance sheet

Contingent liabilities

Commitments arising from guarantees	116 504	185 428
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All transactions where the bank has guaranteed the obligations of a third party are included. They mostly concern secured bank guarantees issued at the request of clients. Contingent liabilities include also future third party commitments of the bank.

Guarantees have been provided for a number of group companies under Article 403, Book 2, of the Netherlands Civil Code. Rental commitments for the period to 2012 amount to € 33 million (€ 6 million due in 2004).

Commitments arising to extend credit	8 091	192 362
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Dexia Bank Nederland NV is committed to deliver shares in the future against a fixed price, which is embedded in certain share lease products. At the moment of delivery, a loan will be extended to the leaseholder for the same amount.

Litigation contingency

Legal aspects

A number of disputes have arisen between Dexia Bank Nederland and its customers with respect to share leasing products. In general the claims that Dexia Bank Nederland is faced with are based on alleged:

- misleading information/error;
- failure to ascertain whether the share leasing product is suitable for a customer in view of his investment experience and objective and his financial situation ("duty of care");
- failure to obtain consent of spouse of customer;
- undue influence;
- canvassing;
- false and misleading oral statements by and conduct of intermediaries.

A number of individual claims were put to the Grievance Committee of the Dutch Securities Institute (DSI) (the "Committee"). DSI is a privately set-up foundation in which most of the regulated Dutch financial institutions participate. By offering private investors the opportunity to lodge a complaint with the Committee against participating banks and brokers, DSI and its participants provide these investors with a low threshold infrastructure for alternative dispute

resolution. According to its regulations, the Committee makes its judgement in good faith and all reasonableness and based on the principles of Netherlands law. If the Committee finds that the private investor's claim has merit, it may award the investor compensation, for example in the form of damages or waiver of debt. In one case, the Committee has ruled that the customer's contracts are voidable because they were entered into under the influence of error induced by oral statements made by the sales person. In eight other cases, some of which were concerning expired contracts, the Committee rejected claims based on misleading information/error so that the contracts were considered valid and the customer must perform its obligations. In one of these cases the Committee also ruled that in general Dexia Bank Nederland cannot be held liable for the actions of intermediaries. However, in all of these eight cases the Committee ruled that Dexia Bank Nederland had neglected its duty of care towards the customer, because it had not ascertained whether the customer could bear the financial burden of the share leasing contract. According to these rulings, Dexia Bank Nederland should have offered the customers a hedge against a decline of the share prices, thus avoiding that a debt would remain upon expiration of the contract. Since Dexia Bank Nederland did not offer such a hedge, the Committee ruled that Dexia Bank Nederland may only collect a remaining debt up to a maximum of 15 or 20% (depending on the term of the contract) of the initial purchase price of the underlying securities (i.e. the Loan amount), being the cost of a hedge as estimated by the Committee. With respect to a deposit leasing product (i.e. a share leasing contract with respect to which the monthly payments were payable from a share deposit), the Committee ruled that a reasonably able and acting securities firm should not have offered a share deposit for the purpose of making the monthly payments for a share lease contract. The damage that this customer may suffer as a result of that product must be compensated by Dexia Bank Nederland to an extent equal to 100% of the shortfall on the deposit. With respect to the share lease contracts, the aforementioned 15/20% cap applies accordingly. Dexia Bank Nederland has appealed all these decisions.

A number of individual claims are also pending before Dutch Courts. In one such individual procedure before a District Court, the Court ruled that the contract was valid. However, the Court also ruled that Dexia Bank Nederland had breached its obligation to inform the customer of the risks connected with the share leasing product and ordered Dexia Bank Nederland to partially compensate that customer. This judgement was appealed by Dexia Bank Nederland.

Apart from complaints from individual clients, Dexia Bank Nederland also needs to address and respond to a number of collective complaints.

Stichting Leaseverlies, a foundation claiming to be supported by more than 90,000 customers with share leasing contracts, has initiated legal proceedings in the form of a collective complaint against Dexia Bank Nederland in January 2003. The foundation's object is to act for customers who have entered into share leasing contracts between 1995 and 2002. Stichting Leaseverlies claims that the advertising materials used by Dexia Bank Nederland were misleading. Dexia presented a statement of answer in June 2003. The case is pending.

Stichting Eegalease, a foundation claiming to be supported by more than 16,000 spouses of customers with share leasing contracts, has initiated legal proceedings in the form of a collective complaint against Dexia Bank Nederland in March 2003. The foundation's object is to act for spouses of customers who have entered into share leasing contracts between 1995 and 2002. Stichting Eegalease claims that the spouses of the customers should have given his or her consent for the entering into the share leasing contracts and that without such consent contracts are void. The case is pending.

Stichting Leaseleed, a foundation representing 293 customers, has threatened to file a lawsuit against Dexia Bank Nederland. This relates to share leasing contracts with respect to which monthly payments are payable from a share deposit. Dexia Bank Nederland is currently in the process of discussing the possibility of a settlement. At the moment it is unclear whether a settlement will be reached.

In December 2002, Dexia sued Aegon, the former owner of Labouchere, on the basis that certain information should have been given by the seller to the buyer, and that certain warranties included in the purchase agreement have been breached. The case is pending.

The Dutch Ministry of Finance has established a committee that mediates between customers that have entered into share leasing contracts and financial institutions – Dexia Bank Nederland and others – that have sold those contracts. The object of the Committee Disputes Securities Leasing ("CGA") is to explore the possibilities for a general out of court settlement between the sellers of these products and their customers. The CGA is currently

in the process of inviting the parties involved to a second round of discussions. Dexia will participate in these discussions the outcome of which is still unclear.

Commercial offer/Hardship clause

In order to mitigate the credit risk, minimize the claims and restore good customer relationship, in 2003 Dexia Bank Nederland proposed a commercial offer to customers who, at maturity of their contract, may have a residual debt towards Dexia Bank Nederland exceeding the value of the underlying shares. Customers could choose between the following three options:

- repayment of the residual debt in instalments with no interest charge; or
- to receive call options on the AEX index upon expiration of the contract in consideration for full repayment of principal or residual debt (as the case may be); or
- extend the term of the contract, at a reduced interest rate.

The commercial offer was made personally to all qualifying customers, and accepted by 47% of them. The customers who accepted the offer, have also waived their rights to initiate any further legal action against Dexia Bank Nederland with respect to their contracts.

Dexia Bank Nederland has also put in place measures allowing the settling of those cases where customers encounter financial difficulties (the so-called hardship clause). In particular, an independent Commission has been nominated to examine such cases, and provisions have been set aside to this effect.

Share leasing portfolio

The position as per December 31, 2003 of the share leasing products portfolio of Dexia Bank Nederland is described in the attached schedule.

Assessment and provisions

Although Dexia Bank Nederland considers its overall legal position with respect to the legal matters described above as robust, risks arising there from cannot be excluded. Dexia Bank Nederland has booked provisions for legal risks with respect to a limited number of individual cases where negative decisions have already been rendered in first instance (and notwithstanding the fact that Dexia Bank Nederland has appealed), or

where the amounts can be estimated with a reasonable degree of certainty. With respect to other legal disputes, Dexia Bank Nederland has not booked provisions since Dexia Bank Nederland only books a provision when it believes that it is reasonably probable that an obligation exists and the amounts involved can be estimated with a reasonable degree of certainty. Please also refer to page 24 regarding provisions for credit risk.

Portfolio as at December 31, 2003

In millions of euros, unless otherwise stated

	Number of contracts	Loan amount	Collateral	Lack of collateral
Total outstanding portfolio	369 258	3 268.6	2 116.8	
- Contracts with sufficient collateral	37 817	171.6	248.8	77.1
- Contracts with insufficient collateral	331 441	3 096.9	1 868.0	- 1 229.0
<i>of which :</i>				
- Contracts with redemption or guaranteed capital	126 618	1 175.8	792.9	- 382.9
- Contracts without redemption or guaranteed capital	204 823	1 921.1	1 075.1	- 846.1
<i>of which :</i>				
- Accepted the Dexia offer (and signed the waiver)	101 406	934.5	524.3	- 410.2
- Not accepted the Dexia offer	103 417	986.6	550.7	- 435.9

**Contracts that expired on normal termination date up
till December 31, 2003**

Total outstanding portfolio	98 129	1 111.7	709.6	
- Contracts with sufficient collateral	27 640	185.4	221.2	35.9
- Contracts with insufficient collateral	70 489	926.3	488.3	- 438.0
<i>of which :</i>				
- Contracts with redemption or guaranteed capital	-	-	-	-
- Contracts without redemption or guaranteed capital	70 489	926.3	488.3	- 438.0
<i>of which :</i>				
- Accepted the Dexia offer (and signed the waiver)	22 019	267.6	125.7	- 141.9
- Not accepted the Dexia offer	48 470	658.7	362.6	- 296.0

- This table shows the total number of share leasing contracts that are still in force and the contracts that have expired during the period 2002-2003;
- The Loan amount relates to the original Loan amount, minus redemptions made till reporting date and including future contractual delivery of shares (which will lead to an increase of the Loan amount);
- Contracts can be split up into a category where a redemption of the Loan amount takes place (during the term of the lease) or a capital amount at the end of the contract is guaranteed. These contracts did not qualify for the Dexia Offer. Another category are the contracts without periodic redemption or guaranteed capital. These contracts qualified for the Dexia Offer;
- In case of the contracts that did qualify for the Dexia Offer a split up is made into clients who have accepted the Dexia Offer and clients who have not accepted the Dexia Offer.

The shortfall on the deposit that clients may or already have suffered on products of which the deposit paid could be or already has been affected by market variations is approximately € 55 million.

Related parties

Relationship with the Dexia Group includes funding arrangements and trading lines for securities and derivatives.

Dexia SA, the bank's ultimate parent entity has extended a letter to the bank which stated:

"Dexia SA has agreed with Dexia Bank Nederland NV, as its wholly owned subsidiary, that Dexia Bank Nederland NV shall at all times remain in a position to meet all of its obligations vis-à-vis third parties and that Dexia SA will enable Dexia Bank Nederland NV to continue its business, including maintaining its relation with account holders and other customers.

This commitment is also taken for the benefit of each of the entities resulting from the contemplated split-up of Dexia Bank Nederland NV in order to guarantee that third parties will not be prejudiced by such split-up, and it will be confirmed in the legal documentation evidencing such split-up (Dexia Bank and each of the entities resulting from the split-up being hereinafter referred to as the "Beneficiaries").

This commitment is for the benefit of the Beneficiaries only and may not be invoked directly by other persons. You may render public that Dexia SA has given this commitment to Dexia Bank Nederland NV. This commitment will not be changed or withdrawn unless the previous consent of the Dutch Central Bank ('De Nederlandsche Bank') has been obtained".

Notes to the Consolidated Profit and Loss Account

In thousands of euros, unless otherwise stated

	2003	2002
Interest income and expense	252 414	222 258
Represents all interest income and expense associated with the lending and borrowing of funds, as well as commissions that have the character of interest.		
The item interest income is comprised of:		
Interest from interest-bearing securities	7 131	10 730
Interest on zero interest and other concessionary interest rate loans	39 805	16 206
Others	416 915	377 278
	463 851	404 214

In 2002, the bank's special purpose entities (SPEs), were consolidated with effect from October 1, 2002. The following table presents, for comparative purposes, interest income and expenses for the entire year 2002:

	Total 2003	Total 2002 Reclassified	Annual Accounts 2002	SPEs January until September
Interest income	463 851	525 554	404 214	121 340
Interest expenses	211 437	238 831	181 956	56 875
	252 414	286 723	222 258	64 465
Net costs				- 6 107
Earn out SPEs (see under 'other income and expenses')				58 358

Income from securities and participating interests	1 691	-5 837
This item comprises:		
Income from shares	-	1 379
Income from other participating interests	1 691	-822
Divestment of group companies	-	- 6 394
	1 691	- 5 837

Commission income and expense	5 602	117 065
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This includes revenues from fees for services supplied to third parties, and expenses or fees for services supplied by third parties. These primarily consist of commissions and margins from securities transactions, securities custodianship, and securities lending. In 2002, commission income and expense also included fees and expenses from asset management services and corporate finance activities that were demerged to Kempen & Co NV.

Annual Accounts 2003 Dexia Bank Nederland NV

In thousands of euros, unless otherwise stated

	2003	2002
Result from financial transactions	8 127	- 6 544
Includes the valuation differences on securities and foreign-currency transactions.		
This item comprises:		
Results on trading portfolio	2 420	- 6 786
Results on investment portfolio	5 707	242
	8 127	- 6 544
Other income and expenses	- 32 952	- 27 646
This item comprises:		
Other income	82 528	89 169
Other expenses	115 480	116 815
	- 32 952	- 27 646
Other income is comprised of:		
Dividends waived by clients on share lease contracts	22 748	24 079
Profit on sale of activities	51 447	-
Earn out on SPEs	-	58 358
Other	8 333	6 732
	82 528	89 169
<p>Profit on sale of activities includes € 50.2 million regarding the E-Brokerage activities and € 1.2 million regarding the Private Brokerage Desk activities. The E-Brokerage activities were sold on March 28, 2003 to a third party. The profit and loss account for 2003 includes income from E-Brokerage activities up and till March 28, 2003 amounting to € 9 million, expenses amounting to € 7 million, resulting in a contribution to profit before tax for an amount of € 2 million.</p> <p>Other expenses comprises the amortisation of capitalised distribution expenses, capitalised option premiums and exchange gains or losses. Capitalised distribution expenses include the commission paid to intermediaries on concluding share lease contracts, and direct mailing costs.</p> <p>Other expenses are comprised of:</p>		
Amortisation of capitalised selling expenses	9 348	8 509
Amortisation of capitalised commissions paid to intermediaries	54 090	52 459
Amortisation of capitalised option premiums	44 974	44 534
Other	7 068	11 313
	115 480	116 815

In 2002, the Bank's SPEs were consolidated with effect from October 1, 2002. In the nine month period to September 30, 2002, the net profit of the SPEs, was presented as an earn out, within 'other income'.

Annual Accounts 2003 Dexia Bank Nederland NV

In thousands of euros, unless otherwise stated

2003

2002

Personnel expense	29 633	157 799
This item comprises:		
Salaries including bonuses	14 837	94 039
Social security charges	1 167	4 767
Pension costs	4 782	19 983
Other personnel expenses	8 847	39 010
	29 633	157 799

In 2003, an average of 368 persons were employed (2002: 1 115). The headcount has reduced as a result of the demerger of the merchant banking activities to Kempen & Co NV, the sale of the E-Brokerage activities, the sale of Dexia Securities Services and as a result of reorganisation measures.

At year-end, the Management Board was composed of four members (December 31, 2002: 6 members). During the year, two members resigned from the Management Board. The total Management Board's remuneration for the full financial year 2003 amounts € 2.3 million (2002: € 5.9 million).

The Supervisory Board consists of five members with a remuneration of € 52 thousands for the full financial year (2002: 55 thousands). One member of the Supervisory Board has a loan granted by the bank for an amount of € 17 thousands.

At Dexia Bank Nederland NV, the pension plan can be characterised as a defined benefit plan (an indexed career average pension plan with a final pay test for transition and guarantee regulation). Pension contributions charged by the pension fund on the basis of a capital contract with an insurance company are included as expenses in the annual accounts of the Bank on an accruals basis. Above the disability insurance limit, the Bank gives a choice between defined benefit plan or defined contribution plan for the surplus.

Other administrative expenses	47 835	85 763
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This item covers accommodation expenses, IT costs, costs of data collection, and other general expenses.

Included in other administrative expenses are operating lease expenses amounting to € 5.1 million (2002: € 8.5 million) and income from subleases amounting to € 1.1 million (2002: € 0.4 million).

Annual Accounts 2003 Dexia Bank Nederland NV

In thousands of euros, unless otherwise stated

2003

2002

Depreciation

11 152

22 468

Consists of depreciation of property, office inventory and computer software.

Provision for loan losses

14 278

439 078

Comprises value adjustments to and changes in provisions for loans and advances and for which collection is uncertain.

Taxes

44 661

- 141 871

Corporate income tax due has been calculated on the basis of pre-tax financial results and the current rate of taxation (34.5%), taking into account existing tax facilities relating to corporate income tax.

Company Balance Sheet and Profit and Loss Account

as at December 31, 2003 after appropriation of result

In thousands of euros

2003

2002

Assets

Cash	1	184 585
Short-dated government paper	550 000	378 665
Banks	399 814	358 321
Loans and advances	3 156 168	4 725 710
Interest-bearing securities	47 094	273 130
Shares	680 912	726 821
Participating interests	192 336	422 806
Property and equipment	5 049	36 059
Other assets, prepayments and accrued income	486 050	672 675
	5 517 424	7 778 772

Liabilities

Banks	3 613 704	3 761 703
Funds entrusted	225 247	2 273 740
Debt securities	437 570	323 018
Other liabilities	212 975	143 803
Accruals and deferred income	366 158	529 200
Provisions	56 617	79 562
	4 912 271	7 111 026

Subordinated liabilities	250 000	332 916
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Issued and paid-up share capital	11 320	11 320
Premium reserve	399 697	399 697
Revaluation reserve	-	1 556
Legal and statutory reserve	-	653
Other reserves	- 55 864	- 78 396
Shareholders' equity	355 153	334 830

5 517 424 **7 778 772**

Contingent liabilities

Commitments arising from guarantees	116 504	185 428
Commitments arising to extend credit	8 091	192 362

COMPANY PROFIT AND LOSS ACCOUNT

for 2003

Result from participating interests after tax	3 298	12 589
Dexia Bank Nederland NV company result	84 025	- 277 644
Net result	87 323	- 265 055

Notes to the Company Balance Sheet

In thousands of euros, unless otherwise stated

2003

2002

We refer to the notes to the consolidated balance sheet and consolidated profit and loss account, unless otherwise set below.

Assets

Loans and advances	3 156 168	4 725 710
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Loans and advances includes debts:

- from participating interests	34 140	1 447 123
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Participating interests	192 336	422 806
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Consists of entities, which are non-credit institutions.

Movements in participating interests:

	Group companies	Non- consolidated participating interests	Total
Balance at start of year	421 396	1 410	422 806
Impairment expense	-	- 519	- 519
Share of net result	3 298	-	3 298
Movement as a result of the Kempen split-off	- 232 358	- 881	- 233 239
Disposals	-	- 10	- 10
Balance at end of year	192 336	-	192 336

The following unlisted group companies are included in the consolidation:

Name of group company	Percentage of issued shares held by the bank	Place of Business
Dexia Certificaten (Nederland) BV	100%	Amsterdam
Labouchere Beheer BV	100%	Amsterdam
Lease Assets Backed Securities III BV	100%	Amsterdam
IJ-Oever I BV	100%	Amsterdam
Labouchere Liquiditeitenfonds NV	100%	Curacao

Dexia Bank Nederland NV also participates directly or indirectly in a number of companies that have no business activities or activities of minor interest. A list of the names and addresses of these companies is available for inspection at the offices of the Trade Register in Amsterdam.

Annual Accounts 2003 Dexia Bank Nederland NV

In thousands of euros, unless otherwise stated

2003

2002

Property and equipment

5 049

36 059

This relates to office equipment and computer software, as well as property and equipment in the progress.

Movements in equipment:

Equipment

Balance at start of year	36 059
Investments	2 501
Disposals	- 3 492
Movement as result of the Kempen split-off	- 20 225
Depreciation	- 9 794
Balance at end of year	5 049

This item is specified as follows:

	Depreciation	Purchase price	Cumulative depreciation year-end 2002	Depreciation 2003	Book value
Office equipment	2-10 years	26 948	17 483	6 880	2 585
Computer software	2-3 years	11 364	5 986	2 914	2 464
		38 312	23 469	9 794	5 049

Funds entrusted

225 247

2 273 740

Funds entrusted includes debts to participating interest

158 014

503 349

Shareholders' equity

355 153

334 830

An overview of the components and movements of shareholders' equity is included in the notes to the consolidated balance sheet.

Annual Accounts 2003 Dexia Bank Nederland NV

Amsterdam, March 8, 2004

Supervisory Board

Management Board

P.M. van der Laan (chairman)

D.G.M. Bruneel (chairman)

P.E. Klönhammer

J.S.E. Brumagne

S.L.G. Decraene

L.A.J. van Thielen

M. Hoffmann

E.C. Lekkerkerker

O. van Herstraeten

Signed by all the members of the Management Board and Supervisory Board.

Other Information

Auditor's Report

To: The shareholders of Dexia Bank Nederland NV

Introduction

We have audited the financial statements of Dexia Bank Nederland NV, Amsterdam, ("the Bank") for the year 2003. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope

We conducted our audit in accordance with auditing standards generally accepted in the Netherlands. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Bank as at December 31, 2003 and of the result for the year then ended in accordance with accounting principles generally accepted in the Netherlands and comply with the financial reporting requirements included in Part 9 of Book 2 of the Netherlands Civil Code.

Emphasis of matter

Without qualifying our opinion above, we draw attention to page 40 of the financial statements which describes contingent liabilities arising from legal claims against the Bank.

Amsterdam, March 8, 2004

PricewaterhouseCoopers Accountants N.V.

Appropriation of result

In accordance with Article 28, sections 1 and 2 of the Articles of Association, the profit after addition to the reserves, is at the disposal of the Annual General Meeting of Shareholders.

The positive result of 2003 is added to the other reserves and it is proposed to have a dividend payment of € 2.0 million (€ 0.08 per share).

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